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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: PERSHING ADVISOR SOLUTIONS LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

ONE PERSHING PLAZA

(No. and Street)

JERSEY CITY

NJ

07399

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG LLP

(Name - if individual, state last, first, middle name)

345 PARK AVE.

NEW YORK

NY

10154

(Address)

(City)

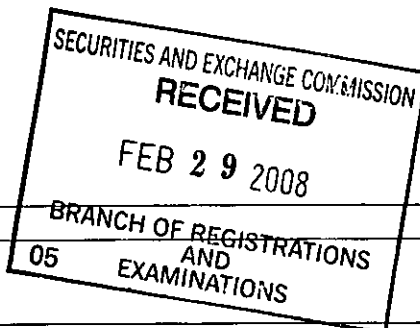
(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY



*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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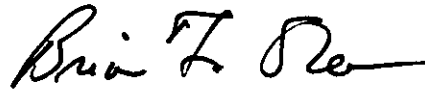
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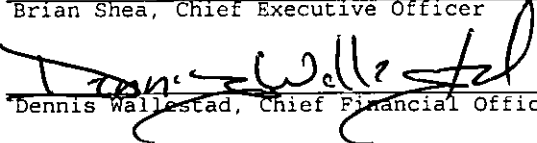
OATH OR AFFIRMATION

We, Brian Shea and Dennis Wallestad, swear (or affirm) that, to the best of our knowledge and belief the accompanying statement of financial condition pertaining to the firm of Pershing Advisor Solutions LLC, as of December 31, 2007, is true and correct. We further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.

SAL RAMM
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Feb. 25, 2011


Notary Public


Brian Shea, Chief Executive Officer


Dennis Wallestad, Chief Financial Officer

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



STATEMENT OF FINANCIAL CONDITION

Pershing Advisor Solutions LLC

(An indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation)

Year ended December 31, 2007

Pershing Advisor Solutions LLC

(An indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation)

Statement of Financial Condition

Year ended December 31, 2007

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Facing Page and Oath or Affirmation

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KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditor's Report

To the Board of Managers and Member of Pershing Advisor Solutions LLC

We have audited the accompanying statement of financial condition of Pershing Advisor Solutions LLC (the "Company") as of December 31, 2007. This statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on this statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Pershing Advisor Solutions LLC as of December 31, 2007, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

February 28, 2008

Pershing Advisor Solutions LLC
 (An indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation)
Statement of Financial Condition
December 31, 2007
 (Dollars in thousands)

Assets:

Due from affiliated clearing broker	\$ 29,133
Intangible assets	26,428
Fees and other receivables	2,137
Due from affiliates	2,483
Other assets	<u>2,896</u>
Total assets	<u>\$ 63,077</u>

Liabilities and member's equity

Liabilities:

Accrued compensation payable	\$ 6,144
Other accrued expenses	3,745
Due to affiliates	<u>388</u>
	10,277

Subordinated indebtedness	<u>45,000</u>
Total liabilities	<u>55,277</u>

Member's equity:

Member's contributions	8,773
Accumulated earnings	<u>(973)</u>
Total member's equity	<u>7,800</u>
Total liabilities and member's equity	<u>\$ 63,077</u>

The accompanying notes are an integral part of these financial statements.

Pershing Advisor Solutions LLC

(An indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation)

Notes to Statement of Financial Condition

1. Organization and Description of Business

Pershing Advisor Solutions LLC (the "Company"), is a single member Delaware Limited Liability Company and a wholly-owned subsidiary of Pershing Advisor Solutions Holdings LLC (PAS Holdings), which is a wholly-owned subsidiary of Pershing Group LLC (the "Parent"). The Parent is a wholly-owned subsidiary of The Bank of New York Mellon Corporation ("BNY Mellon").

The Company provides account management services to registered investment advisors, managed account sponsors, hedge funds and family offices and their clients, and is a registered broker-dealer with the Securities and Exchange Commission ("SEC") and the Financial Industry Regulatory Authority ("FINRA").

2. Summary of Significant Accounting Policies

The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America which require the use of management's best judgment and estimates. Estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes may vary from actual results.

Certain prior year amounts have been reclassified to conform to current year presentation.

Financial Instruments

Financial instruments and related revenues and expenses are recorded in the financial statements on a trade date basis and include related accrued interest or dividends. Other revenue includes realized and unrealized gains and losses. Fair value generally is based on published market prices or other relevant factors including dealer price quotations

Fixed Assets and Intangibles

Fixed assets are recorded at cost, net of accumulated depreciation and amortization. Depreciation is recorded on a straight-line basis over the useful lives of the related assets, generally four to 15 years. Leasehold improvements are amortized on a straight-line basis over the lesser of the term of the lease or 10 years.

Identifiable intangible assets are amortized on a straight line basis over their estimated useful lives, which is 15 years from the date of acquisition and are assessed annually for impairment pursuant to the provision of SFAS No. 142, "Goodwill and other Intangible Assets" and SFAS No. 144, "Accounting for Long Lived Assets and for Long Lived Assets to be Disposed Of."

Pershing Advisor Solutions LLC

(An indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation)

Notes to Statement of Financial Condition (continued)

Income Taxes

Under a tax sharing arrangement, the Company recognizes income taxes based on its allocated share of tax from BNY Mellon, calculated in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109 "Accounting for Income Taxes".

The Company reflects the benefits of its ultimate Parent's tax goodwill amortization as an addition to member's equity on the statement of financial condition.

3. Clearing Arrangements

Pursuant to agreements between the Company and its correspondent clearing broker, Pershing, securities transactions effected by the Company are introduced and cleared on a fully disclosed basis. Due from affiliated clearing broker primarily represents net cash balances held at Pershing. At December 31, 2007 this balance was \$29.1 million, which is included as due from affiliated clearing broker on the statement of financial condition.

4. Related Party Transactions

The Company has entered into various transactions with affiliates, including certain BNY Mellon affiliates. The Company enters into these transactions in the normal course of business.

The Company has a receivable from an affiliate for \$1.7 million relating to a tax credit at December 31, 2007. This receivable is offset by a payable to the same affiliate of \$500 thousand relating to certain administrative support services, primarily from financial system support, people services, accounts payable, payroll and corporate communications. This resulted in a net receivable of \$1.2 million which is included in the due from affiliates, net on the statement of financial condition.

The Company leases furniture and fixtures and computer and other communication equipment from an affiliate. At December 31, 2007 the Company owed that affiliate \$138 thousand related to these services, which is included in due to affiliates on the statement of financial condition.

5. Fixed Assets

Fixed assets consist of furniture and office equipment, computer equipment and software, leasehold improvements and communications equipment. At December 31, 2007, fixed assets amounted to \$582 thousand net of accumulated depreciation of \$274 thousand, and are included in other assets on the statement of financial condition.

Pershing Advisor Solutions LLC

(An indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation)

Notes to Statement of Financial Condition (continued)

6. Intangibles

At December 31, 2007, intangibles amounted to \$26.4 million net of accumulated amortization of \$1.7 million. The original purchase agreement to acquire certain registered investment advisor contractual arrangements was dated September 7, 2006.

7. Regulatory Requirements

As a registered broker-dealer, the Company is subject to the Uniform Net Capital Rule under Rule 15c3-1 of the Securities Exchange Act of 1934. The Company has elected to use the alternative method of computing regulatory net capital requirements provided for in Rule 15c3-1. Under the alternative method the Company is required to maintain a minimum net capital of \$250 thousand. At December 31, 2007, the Company's net capital of \$19.0 million was in excess of the minimum requirement by \$18.8 million.

Advances to affiliates, repayment of borrowings, dividend payments and other equity withdrawals are subject to certain notification and other provisions of the Rule and other regulatory bodies.

8. Subordinated Indebtedness

At December 31, 2007, the Company had a \$30 million equity subordinated debt agreement with the Parent which bears an interest rate of 6.45%. The debt qualifies as regulatory capital and as equity in the debt to debt plus equity ratio in accordance with SEC Rule 15c3-1 and matures on January 31, 2010. At December 31, 2007, the Company entered into another subordinated debt agreement for \$15 million with the Parent which bears an interest rate of 6.45%. The debt qualifies as regulatory capital in the debt to debt plus equity ratio in accordance with SEC Rule 15c3-1 and matures on January 31, 2010. At December 31, 2007 the Company owed the Parent \$250 thousand in interest which is included in due to affiliates on the statement of financial condition.

9. Commitments and Contingencies

The Company has non-cancelable leases with an affiliate covering office space expiring between the years 2008 and 2019. At December 31, 2007, minimum future rentals on the non-cancelable office lease are as follows (\$ in thousands): 2008, \$389; 2009, \$102; 2010, \$85; 2011, \$85; 2012 \$85; and \$639 for the years thereafter.

The Company applies the provisions of the Financial Accounting Standards Board's Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* ("FIN 45") which provides accounting and disclosure requirements for certain guarantees. The Company has agreed to indemnify Pershing, the clearing broker, for losses that it may sustain from the customer

Pershing Advisor Solutions LLC

(An indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation)

Notes to Statement of Financial Condition (continued)

accounts introduced by the Company. At December 31, 2007, the total amount of customer balances maintained by Pershing and subject to such indemnification was approximately \$225.3 million. In accordance with applicable margin lending practices, customer balances are collateralized by customer securities or supported by other types of customer recourse provisions.

10. Restricted Stock Units

During the year, BNY Mellon issued restricted stock to employees, including certain Company employees. In accordance with SFAS 123(R) "Share Based Payment", compensation cost is measured at the grant date based on the value of the award and is recognized over the vesting period.

11. Income Taxes

The Company is included in the consolidated federal and combined state and local tax returns filed by BNY Mellon. Income taxes are provided for pursuant to a tax sharing agreement between the Parent and BNY Mellon. The Company is included under this tax sharing agreement.

Taxes receivable from BNY Mellon of \$1.3 million is included in due from affiliates, net on the statement of financial condition.

The Company has net deferred tax liabilities at December 31, 2007, of approximately \$1.2 million, which are included in other accrued expenses on the statement of financial condition. Deferred tax liabilities relate to principally to, depreciation, amortization and state taxes.

12. Legal Proceedings

In the normal course of business, the Company may be involved in litigation. At December 31, 2007, no litigation was pending against the Company nor is management aware of any unasserted claims or assessments against the Company.

13. Fair Value Information

At December 31, 2007, substantially all of the Company's assets and liabilities that are deemed to be financial instruments were carried at either market or fair value, or at amounts which approximate such values. The market values of such items are not materially sensitive to shifts in market interest rates because of the limited term to maturity or variable rate of these instruments. Recently acquired intangible assets are stated at cost, which approximates fair value.

Pershing Advisor Solutions LLC

(An indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation)

Notes to Statement of Financial Condition (continued)

14. Employee Benefit Plans

BNY Mellon sponsors a 401(k) plan (the "Plan") for its active employees. The Plan offers the Company's employees the opportunity to plan, save and invest for their future financial needs. All employees are eligible to participate and make before and after tax contributions of up to 20% of their eligible compensation. The Company makes periodic contributions to the Plan based on the discretion of management and relevant IRS rules.

Supplementary Report



KPMG LLP
345 Park Avenue
New York, NY 10154

Report on Internal Control Required by SEC Rule 17a-5(g)(1)

To the Board of Managers and Member of Pershing Advisor Solutions LLC

In planning and performing our audit of the financial statements of Pershing Advisor Solutions LLC (the "Company"), as of and for the year ended December 31, 2007 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control. Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate debits and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.



A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2007, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Managers, management, the SEC, Financial Industry Regulatory Authority, Inc., and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

February 28, 2008

END